

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES  
GLOBAL PLUS 1C (MC2012-6)  
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2016-193

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
CHAIRMAN'S INFORMATION REQUEST NO. 1**  
(June 22, 2016)

The United States Postal Service (Postal Service) hereby provides its response to Chairman's Information Request No. 1, which the Postal Regulatory Commission (Commission) filed in this docket on June 21, 2016. A response was due no later than June 24, 2016. The two questions in the request are reprinted verbatim in the attached, followed by the Postal Service's response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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1. In Order No. 1151, the Commission approved the use of two contracts to serve as the baseline agreements in future tests of functional equivalency for Global Plus 1C agreements.<sup>2</sup> The baseline agreements include the following products: Global Bulk Economy, Global Express Guaranteed, International Business Reply Service, and Global Direct.<sup>3</sup> However, these products are not included in the Agreement. Notice at 6. Please explain how this difference affects the functional equivalence of the Agreement to the baseline agreements.

<sup>2</sup> Docket Nos. MC2012-6, CP2012-12, and CP2012-13, Order Adding Global Plus 1C to the Competitive Product List and Approving Related Global Plus 1C Agreements, January 19, 2012, at 8 (Order No. 1151).

<sup>3</sup> Docket Nos. MC2012-6, CP2012-12, and CP2012-13, Request of the United States Postal Service to Add Global Plus 1C to the Competitive Products List and Notice of Filing Two Functionally Equivalent Global Plus 1C Contracts Negotiated Service Agreements and Application for Non-Public Treatment of Materials Filed Under Seal, January 4, 2012, Attachments 4A and 4B.

### **RESPONSE:**

In the Global Plus 1C baseline agreements, Qualifying Mail is set forth in Article 3 to include:

- International Priority Airmail service (IPA),
- International Surface Air Lift service (ISAL),
- Global Express Guaranteed service (GXG),
- Express Mail International service (EMI) (currently Priority Mail Express International service),
- Priority Mail International service (PMI),
- IPA and ISAL M-bags, as well as
- Commercial ePacket service.<sup>1</sup>

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<sup>1</sup> See Request of the United States Postal Service to Add Global Plus 1C to the Competitive Products List and Notice of Filing Two Functionally Equivalent Global Plus 1C Contracts Negotiated Service Agreements and Application for Non-Public Treatment of Materials Filed Under Seal, Docket Nos. MC2012-6, CP2012-12, and CP2012-13, January 4, 2012, Attachments 4A and 4B, at Article 3.

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In addition, the Global Plus 1C baseline agreements mention Global Bulk Economy service (GBE), Global Direct (GD), and International Business Reply Service (IBRS) because those products were Qualifying Mail in the companion Global Plus 2C baseline agreements.<sup>2</sup>

In May 2015, the Postal Regulatory Commission (Commission) added three Global Plus 1C contract products to the competitive product list, none of which mentioned GBE or GD. The Postal Service noted, in two of the three initial notices concerning these three agreements, that GBE and GD were not mentioned in the agreements.<sup>3</sup> The Commission still considered the agreements functionally equivalent to the Global Plus 1C baseline agreements.<sup>4</sup>

In its initial notice in this docket, the Postal Service maintained that the agreement that is the subject of this docket is functionally equivalent to the Global Plus 1C baseline

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<sup>2</sup> See Request of the United States Postal Service to Add Global Plus 2C to the Competitive Products List and Notice of Filing Two Functionally Equivalent Global Plus 2C Contracts Negotiated Service Agreements and Application for Non-Public Treatment of Materials Filed Under Seal, Docket Nos. MC2012-5, CP2012-10, and CP2012-11, December 30, 2011, Attachments 4A and 4B, at Article 3.

<sup>3</sup> The exclusion of GD was not mentioned in the Postal Service's initial notice in the CP2015-66 docket. See Notice of the United States Postal Service of Filing a Functionally Equivalent Global Plus 1C Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal, Docket No. CP2015-66, May 11, 2015, at 6; Notice of the United States Postal Service of Filing a Functionally Equivalent Global Plus 1C Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal, Docket No. CP2015-68, May 14, 2015, at 6; Notice of the United States Postal Service of Filing a Functionally Equivalent Global Plus 1C Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal, Docket No. CP2015-70, May 15, 2015, at 6-7.

<sup>4</sup> PRC Order No. 2497, Order Approving Additional Global Plus 1C Negotiated Service Agreement, Docket No. CP2015-66, May 21, 2015; PRC Order No. 2509, Order Approving Additional Global Plus 1C Negotiated Service Agreement, Docket No. CP2015-68, May 27, 2015; PRC Order No. 2506, Order Approving Additional Global Plus 1C Negotiated Service Agreement, Docket No. CP2015-70, May 27, 2015.

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agreements. In addition to excluding mention of GBE or GD, the agreement that is the subject of this docket also does not mention IBRS and does not include GXG as Qualifying Mail.

In the agreement that is the subject of this docket, removal of references to GBE, GD, and IBRS (which were Qualifying Mail in the Global Plus 2C baseline agreements) should not affect the fundamental structure of the contract. The three products are not Qualifying Mail in the Global Plus 1C baseline agreements. Furthermore, as stated above, the Commission previously did not consider the removal of GBE and GD to affect functional equivalency; therefore, similarly, the removal of IBRS should not affect functional equivalency.

In addition, the Postal Service does not consider the removal of GXG from the contract that is the subject of this docket to affect the fundamental structure of the contract, because, of the products that were included as Qualifying Mail in the Global Plus 1C baseline agreements, -- IPA, ISAL, GXG, EMI (PMEI), PMI, IPA and ISAL M-bags, as well as Commercial ePacket, only GXG has been removed.

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2. The Global Expedited Package Services—Non-Published Rates product allows the Postal Service to enter into negotiated service agreements for Global Express Guaranteed, Priority Mail Express International, Priority Mail International, and First-Class Package International Service without filing them with the Commission for pre-implementation review.<sup>4</sup> Please explain whether it is appropriate to group the Agreement and similar contracts under a Global Plus—Non-Published Rates product.

<sup>4</sup> Mail Classification Schedule section 2510.8.1.

### **RESPONSE:**

The Postal Service considered filing a request to establish a Global Plus – Non-Published Rates product, but refrained from doing so because of time constraints.

At this time, the Postal Service is not prepared to develop a proposal for rate ranges for a “non-published rate” (NPR) type grouping for the filings at issue here, but it is open to the Commission identifying the criteria that would be necessary to establish such a grouping.